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REFERENCE TITLE: motor vehicle warranties; tax refunds

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

HB 2086

Introduced by
Representatives Huffman: Gullett, O'Halleran

AN ACT

AMENDING SECTIONS 42-1118 AND 44-1263, ARIZONA REVISED STATUTES; RELATING TO
MOTOR VEHICLE WARRANTIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-1118, Arizona Revised Statutes, is amended to
3 read:

4 42-1118. Refunds, credits, offsets and abatelements

5 A. If the department determines that any amount of tax, penalty or
6 interest has been paid in excess of the amount actually due, the department
7 shall credit the excess amount against any tax administered pursuant to this
8 article, including any penalty or interest owed by the taxpayer. If it is
9 determined that the amount cannot be credited against a tax or installment of
10 taxes due from the taxpayer, the department may:

11 1. Refund the entire amount of tax, interest and penalty, in a lump
12 sum or in not more than five annual installments, to the taxpayer from whom
13 it was collected.

14 2. Issue to the taxpayer a credit voucher for the entire amount of
15 tax, interest and penalty collected, to be carried forward and applied
16 against future tax liabilities until exhausted.

17 3. Refund part, and issue a credit voucher for the balance, of the
18 tax, interest and penalties as provided in paragraphs 1 and 2 of this
19 subsection.

20 B. If the total amount withheld from income under section 43-401
21 exceeds the amount of the tax on the employee's entire taxable income as
22 computed under title 43, the department shall refund the amount of the excess
23 deducted without requiring a filing of a refund claim as provided in this
24 section. The failure of the department to make the refund does not limit the
25 right of the taxpayer to file a claim for a refund pursuant to this section
26 if the claim is not barred under section 42-1106. The department shall not
27 refund amounts less than one dollar unless specifically requested by the
28 taxpayer at the time the return or claim for refund is filed.

29 C. Any overpayment that may result from withholdings or estimates
30 pursuant to section 43-401, 43-581 or 43-582 shall not be credited or
31 refunded unless an Arizona income tax return has been filed for the tax year
32 for which the withholdings or estimates were made.

33 D. The department shall give a vendor who has a duty to collect use
34 tax pursuant to chapter 5, article 4 of this title AND who has not collected
35 that tax full credit or offset for any use tax, interest and penalty paid to
36 the department by the purchaser when issuing a determination of a deficiency
37 pursuant to section 42-1108. This credit or offset shall be computed from
38 the date of the use tax payment by the purchaser. If the purchaser has been
39 audited by the department for use tax for the period of the purchase, the
40 purchaser is considered to have paid the use tax to the department. For
41 other purchases, the vendor may submit an affirmation by a purchaser on a
42 form prescribed by the department that use tax was paid on the purchase. A
43 fully completed certificate, taken in good faith by the vendor, constitutes
44 proof that the vendor is entitled to this credit or offset. The department
45 may require a purchaser who has submitted the certificate to establish the

1 accuracy and completeness of the information contained in the certificate. If
2 the purchaser cannot establish the accuracy and completeness of the
3 information, the purchaser is liable for a penalty equal to the amount of tax
4 and interest that would have been paid by the seller and for the additional
5 penalties pursuant to section 42-1125. Payment of the penalty relieves the
6 purchaser of any responsibility for paying the use tax. The department may
7 require this proof and may assess the purchaser within the later of the
8 period of limitations set forth in section 42-1104 or one year from the date
9 the notice of proposed deficiency is issued to the vendor if the purchaser
10 does not establish the accuracy of the information contained in the
11 certificate.

12 E. Each claim for refund shall be filed with the department in writing
13 and shall identify the claimant by name, address and tax identification
14 number. Each claim shall provide the amount of refund requested, the
15 specific tax period involved and the specific grounds on which the claim is
16 founded. Refunds are subject to setoff for debts pursuant to section
17 42-1122.

18 F. A MOTOR VEHICLE MANUFACTURER THAT REPURCHASES A VEHICLE PURSUANT TO
19 SECTION 44-1263 OR FOR REASONS OF CONSUMER SATISFACTION MAY APPLY FOR A
20 REFUND OF THE TAXES PAID UNDER CHAPTER 5 OF THIS TITLE IF THE MANUFACTURER
21 COLLECTED AN AMOUNT OF TAX FROM THE CONSUMER AND HAS REFUNDED THE AMOUNT OF
22 TAX TO THE CONSUMER. A REFUND IS ALLOWED UNDER THIS SUBSECTION ONLY IF THE
23 MANUFACTURER PROVIDES SATISFACTORY PROOF TO THE DEPARTMENT THAT TAXES WERE
24 COLLECTED FROM THE CONSUMER AND THAT THE MANUFACTURER REFUNDED AN AMOUNT OF
25 TAX TO THE CONSUMER. A MANUFACTURER MUST APPLY FOR A REFUND UNDER THIS
26 SUBSECTION WITHIN SIX YEARS AFTER REPURCHASING THE VEHICLE. FOR THE PURPOSES
27 OF THIS SUBSECTION:

28 1. "CONSUMER" HAS THE SAME MEANING PRESCRIBED IN SECTION 44-1261.

29 2. "MOTOR VEHICLE MANUFACTURER" MEANS A CORPORATION ENGAGED IN THE
30 BUSINESS OF PRODUCING PASSENGER CARS, TRUCKS AND MULTIPURPOSE VEHICLES AS
31 DESCRIBED IN 49 CODE OF FEDERAL REGULATIONS SECTION 571.3.

32 3. "SATISFACTORY PROOF" MEANS COPIES OF CHECKS AND A PURCHASE OR LEASE
33 AGREEMENT THAT LISTS THE VEHICLE IDENTIFICATION NUMBER AND THAT ITEMIZES THE
34 AMOUNT THAT WAS COLLECTED AS TAX FROM THE CONSUMER.

35 ~~F.~~ G. If any amount has been erroneously determined to be due from
36 any person but not yet collected, the department shall cancel the amount or
37 amounts on its records.

38 ~~G.~~ H. If, with or after the filing of a protest or an appeal with the
39 department, the state board of tax appeals or the court, a taxpayer pays the
40 tax protested or appealed before the department, board or court acts upon the
41 protest or the appeal, such body shall treat the protest or the appeal as a
42 claim for refund or an appeal from the denial of a claim for refund filed
43 under this section.

1 Sec. 2. Section 44-1263, Arizona Revised Statutes, is amended to read:

2 44-1263. Inability to conform motor vehicle to express
3 warranty; replacement of vehicle or refund of
4 monies; affirmative defenses; tax refund

5 A. If the manufacturer, its agents or its authorized dealers are
6 unable to conform the motor vehicle to any applicable express warranty by
7 repairing or correcting any defect or condition which substantially impairs
8 the use and value of the motor vehicle to the consumer after a reasonable
9 number of attempts, the manufacturer shall replace the motor vehicle with a
10 new motor vehicle or accept return of the motor vehicle from the consumer and
11 refund to the consumer the full purchase price, including all collateral
12 charges, less a reasonable allowance for the consumer's use of the
13 vehicle. The manufacturer shall make refunds to the consumer and lienholder,
14 if any, as their interests appear. A reasonable allowance for use is that
15 amount directly attributable to use by the consumer before his first written
16 report of the nonconformity to the manufacturer, agent or dealer and during
17 any subsequent period when the vehicle is not out of service by reason of
18 repair.

19 B. It is an affirmative defense to any claim under this article that
20 either:

21 1. An alleged nonconformity does not substantially impair the use and
22 market value of the motor vehicle.

23 2. A nonconformity is the result of abuse, neglect or unauthorized
24 modifications or alterations of the motor vehicle.

25 C. IN THE CASE OF TAXES PAID PURSUANT TO TITLE 42, CHAPTER 5, IF THE
26 MANUFACTURER COLLECTED THE TAX FROM A CONSUMER AND ACCEPTS RETURN OF A MOTOR
27 VEHICLE, THE MANUFACTURER SHALL REFUND THE AMOUNT OF TAX TO THE CONSUMER. IF
28 THE MANUFACTURER REPLACES A MOTOR VEHICLE WITH A NEW MOTOR VEHICLE, THE
29 MANUFACTURER SHALL APPLY THE AMOUNT OF TAX THAT WAS ORIGINALLY COLLECTED FROM
30 THE CONSUMER TO THE AMOUNT OF TAX THAT IS OWED FOR THE REPLACEMENT VEHICLE.
31 IF THE AMOUNT OF TAX THAT IS OWED FOR THE REPLACEMENT VEHICLE IS LESS THAN
32 THE AMOUNT OF TAX THAT WAS ALREADY COLLECTED FROM THE CONSUMER, THE
33 MANUFACTURER SHALL REFUND THE DIFFERENCE TO THE CONSUMER. PURSUANT TO
34 SECTION 42-1118, SUBSECTION F, THE MANUFACTURER MAY APPLY TO THE DEPARTMENT
35 OF REVENUE FOR A REFUND FOR THE AMOUNT OF TAX THAT THE MANUFACTURER REFUNDS
36 TO THE CONSUMER. IF THE COST OF THE REPLACEMENT VEHICLE IS GREATER THAN THE
37 COST OF THE ORIGINAL VEHICLE, THE MANUFACTURER MAY REQUIRE THAT THE CONSUMER
38 PAY ANY ADDITIONAL TAX.